

Message Text

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70

ACTION EB-11

INFO OCT-01 EUR-25 ADP-00 AGR-20 CEA-02 CIAE-00 COME-00

DODE-00 FRB-02 H-02 INR-09 INT-08 L-03 LAB-06 NSAE-00

NSC-10 PA-03 RSC-01 AID-20 CIEP-02 SS-14 STR-08

TAR-02 TRSE-00 USIA-12 PRS-01 SAL-01 OMB-01 RSR-01

OIC-04 /169 W

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R 231717 Z MAR 73

FM AMEMBASSY BONN

TO SECSTATE WASHDC 4070

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PASS TREASURY

E. O. 11652: GDS

TAGS: ETRD, GW

SUBJ: PROPOSED US TRADE LEGISLATION: FRG REACTION

REF: BONN 4265

1. SUMMARY: DURING OUR CONVERSATION WITH ECONOMICS
MINISTRY ASSISTANT SECRETARY STEEG (REFTEL), SHE GAVE US
THE NON- PAPER INFORMALLY TRANSLATED BELOW. SHE SAID IT
HAD BEEN PREPARED FOR HER BY WORKING- LEVEL MINISTRY OFFICIALS
AND HAD NOT BEEN CLEARED OR FORMALLY DISCUSSED WITH OTHER
MINISTRIES. SHE INDICATED THAT IT SHOULD BE CONSIDERED IN
THE CONTEXT OF HER ORAL REMARKS (REPORTED REFTEL). END
SUMMARY.

2. QUOTE: NON- PAPER

SEVERAL ADDITIONAL GENERAL OBSERVATIONS CONCERNING
THE PROPOSED TRADE BILL

WE APPRECIATE THE INITIAL BRIEFING CONCERNING THE
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ESSENTIAL ELEMENTS OF THE PLANNED TRADE BILL PROPOSAL.

A FIRST ANALYSIS OF THIS GENERAL INFORMATION LEADS TO THE FOLLOWING OBSERVATIONS, RECOGNIZING THE COMPLEXITIES OF THE IMPENDING MANAGEMENT OF THIS BILL IN THE US CONGRESS.

- A PROMISING BEGINING OF THE GATT ROUND, WHOSE DECLARED GOAL IS THE EXPANSION AND FAR- REACHING LIBERALIZATION OF WORLD TRADE, DEPENDS ON ALL OF THE LEADING NEGOTIATING PARTNERS OBTAINING EQUAL NEGOTIATING AUTHORITY, WHICH IS SUFFICIENT FOR THE AGREED GOALS OF THE NEGOTIATIONS. THE COMMUNITY IS MAKING EFFORTS TO COMPLETE ITS NEGOTIATING MANDATE BY THE MIDDLE OF THE YEAR. WE WELCOME THE FACT THAT THE AMERICAN GOVERNMENT IS PUSHING FOR AN ACCELERATED DECISION IN THE CONGRESS REGARDING NEGOTIATING AUTHORITY. THIS MAKES IT POSSIBLE FOR CLEAR NETOTIATING AUTHORITY TO BE AVAILABLE IN TIME FOR THE BRACKET GATT BRACKET MINISTERIAL, ENVISIONED FOR THE BEGINNING OF SEPTEMBER 1973 IN TOKYO. THIS NEGOTIATING AUTHORITY SHOULD BE FRAMED AS PROGRESSIVELY AND CLEARLY AS POSSIBLE IN THE AREA OF NON- TARIFF BARRIERS.

- THE BASIS OF THE MULTILATERAL TRADE NEGOTIATIONS IS THE RECIPROCITY OF ADVANTAGES AND OBLIGATIONS (PRINCIPLE OF GLOBAL RECIPROCITY). THE NEGOTIATIONS MUST QUESTION ONE- SIDED TRADE RESTRICTIONS OR DEMANDS FOR UNILATERAL CONCESSIONS BY A TREATY PARTNER. WITH REGARD TO US/ EC RELATIONS, NO CAUSE EXISTS FOR UNILATERAL TRADE MEASURES, PARTICULARLY AFTER THE MOST RECENT MONETARY DECISIONS.

- THE MULTILATERAL TRADE NEGOTIATIONS SHOULD LEAD AT THE SAME TIME TO A STRENGTHENING OF THE GATT AS THE INSTITUTIONAL FRAMEWORK FOR FREE WORLD TRADE.

ON THE OTHER HAND, THE AUTHORITY FOR RESTRICTIONS, WHICH IS SIMULTANEOUSLY SOUGHT BY THE AMERICAN GOVERNMENT FOR VARIOUS REASONS (SAFEGUARD, RETALIATION, BALANCE OF PAYMENTS) MIGHT IN PARTS DEVIATE CONSIDERABLY FROM THE BASIS OF THE GATT. THE VAGUE FORMULATIONS INDICATED TO US APPEAR TO MAKE DIFFICULT EFFECTIVE INTERNATIONAL DISCIPLINE AND CONTROL. THIS THREATENS TO INTRODUCE AN ADDITIONAL INCALCULABLE ELEMENT AS WELL AS THE LIMITED OFFICIAL USE

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DANGER OF TRADE RETALIATION AND THEREBY BURDEN THE

NEGOTIATING CLIMATE.

WE ARE CONCERNED THAT THE AMERICAN GOVERNMENT COULD GO TOO
FAR TO ACCOMMODATE THE PROTECTIONIST CIRCLES IN THE USA
IN ITS CONTEMPLATED TRADE BILL, PARTICULARLY SINCE IT IS
NOT EXCLUDED THAT THE CONGRESS WILL GO BEYOND THESE
PROPOSALS. UNQUOTE. HILLENBRAND

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*** Current Handling Restrictions *** n/a

*** Current Classification *** LIMITED OFFICIAL USE

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